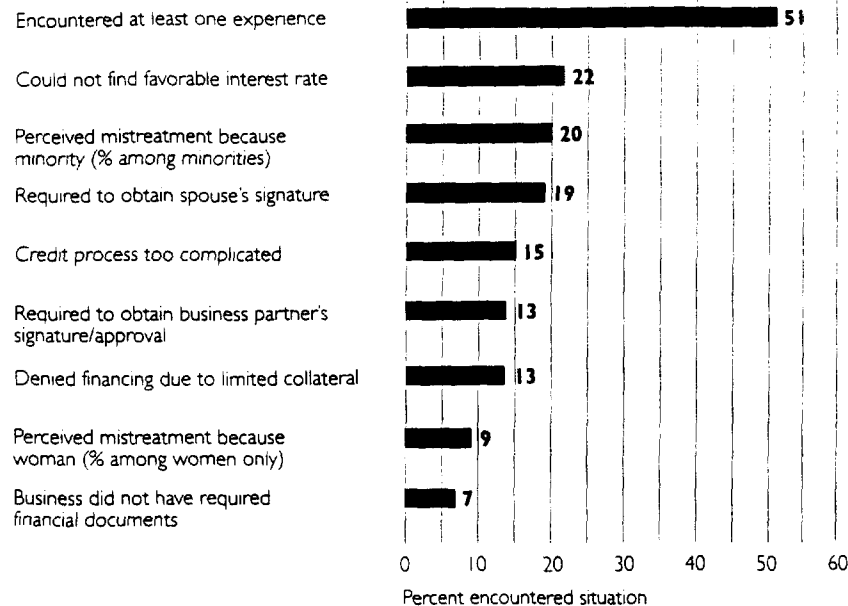


HALF OF BUSINESS OWNERS HAVE ENCOUNTERED SOME NEGATIVE EXPERIENCES WHILE SEEKING FINANCING



Capital Credit & Financing survey, © NFWBO 1996

Note: Percentaged among those business owners seeking financing in past 12 months

A similar question was asked in national surveys of women business owners in 1992 and 1994.³ Comparing the earlier survey data with the information garnered from this 1996 survey shows marked improvement in women business owner perceptions of the loan approval process in several areas. First, the share of women business owners who remark upon the complicated nature of the credit process declined from 23% in 1994 to 15% currently. Secondly, the percentage of women stating that they were denied financing due to limited col-

lateral or assets has dropped in half since 1992 — from 29% to 12%. Overall, the share of women business owners who stated that they encountered none of these difficulties when seeking financing rose from 35% to 50% from 1992 to 1996. Clearly, it appears that women business owners are more informed about what is required when seeking financing, and banks are streamlining and simplifying their loan approval processes. The result is a greater level of satisfaction among women business owners.

³ Ibid.

PERCEPTION OF BANK TREATMENT HAS IMPROVED AMONG WOMEN BUSINESS OWNERS

Encountered no mistreatment within past year

Spouse signature required

Couldn't find favorable interest rate

Credit process too complicated

Denied financing due to limited collateral/assets

Lacked required documents

Business partner signature required

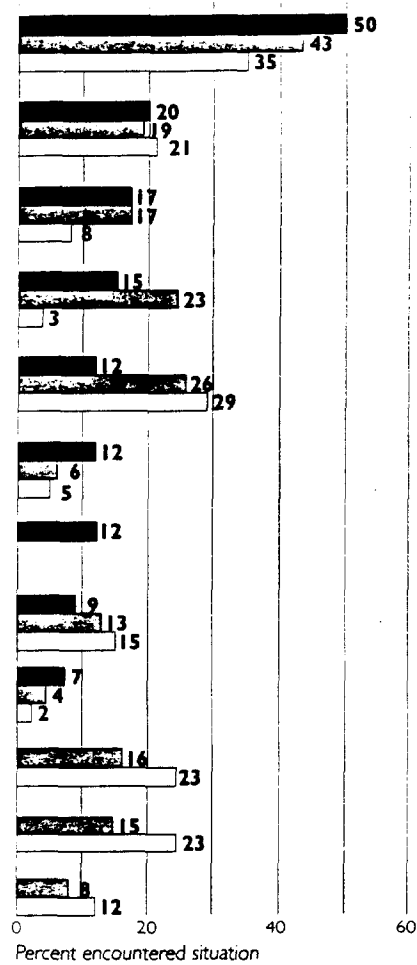
Perceived mistreatment because woman

Perceived mistreatment because minority

Told business had limited track record

Perceived bank lacked experience w/business loans

Lack of working relationship w/bank



Capital Credit & Financing survey, © NFWBO 1996

All questions not asked each survey year.

Note: percentaged among those seeking financing.

■ 1996 ■ 1994 □ 1992



Cindy Carrillo, president

The Work Options Group, Inc.

Louisville, Co

1995 Sales: \$300,000

Employees: 8

Years in business: 10

The Work Options Group, Inc. specializes in dependent care associations — forming consortiums of mid-size companies that would not ordinarily be able to provide dependent care benefits to employees (from child care through elder care) because of the expense involved relative to their individual size. The consortiums are composed of an average of nine companies. The companies are typically located in a tight geographic area, and have a combined total of 5,000 employees.

The company was established in 1986. "It was ahead of its time," says Cindy Carrillo, who defined the unique concept and founded the company with a partner and funding provided by family. Some three years later the company was still a struggling start-up and the partner left. It was then that Cindy had to seek a bank loan. As the manager of each consortium, The Work Options Group's greatest financial concern is cash flow management.

Cindy says, "It was hard enough to convince companies of the need to provide these benefits to their employees and show them this cost-effective way of doing it, but convincing the bankers of its viability was a real test." Her initial request was for \$15,000 on annual sales of \$50,000. It was granted, but on the condition of a personal guarantee.

The Work Options Group does business with a single bank that has continued to provide the credit the business requires. Speaking well of the bank and the relationship she has with it, Cindy recalls the only real difficulty since securing her first loan was getting her name off the loan. She asked her banker what it would take to do that, and was told to provide quarterly financial reports for a year to prove the growth in sales. In addition to that, Cindy sent them a copy of every bit of press she got and a note whenever she signed up a new client. "They actually started to get excited about what we were doing," she says.

"We're the most family-friendly company on the face of the earth! My father is executive vice president and all other employees are mothers who work around their children's schedules." Her biggest confidant and adviser is her father — a successful entrepreneur himself who, at the age of 45, went back to school to get his law degree some 20 years ago. In January, Cindy talked him into cutting back his law practice to work with her on building her business. "In addition to helping with strategic planning, with all the contracts that the company writes it is cost-effective having a lawyer in the business," she says.

THE BANKING RELATIONSHIP

Most businesses have relationships with more than one bank, although a majority of business owners say they have a primary financial institution. Although businesses are exploring new ways of accessing financial services, the most frequent contact with their bank remains visiting a branch and dealing with a teller.

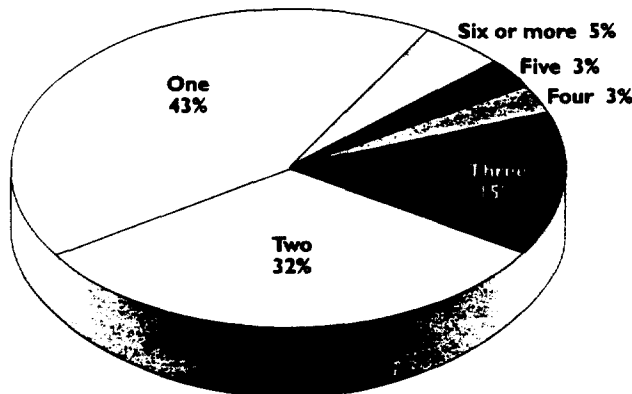
All businesses surveyed have a relationship with at least one bank, most with more than one. Forty-three percent (43%) deal with a single bank for all of their banking needs — including checking accounts, credit cards, loans and lines of credit. Another 32% have relationships with two banks, 15% deal with three, and 11% deal with four or more.

The larger the firm, the more likely it is to have multiple bank relationships. Also, men-owned businesses have relationships with slightly more banks. Twenty-eight percent (28%) of men-owned firms deal with three or more banks, versus 22% of women-owned firms, and 47% of women-owned firms deal with a single bank, compared to 40% of men-owned firms.

Within their banking relationships, most business owners feel they have a primary financial institution. Fully eight in ten business owners say they have a primary financial institution — 62% deal with a single account executive, 22% with a team of professionals. Only 9% of business owners state that they do not have a primary financial institution.

BUSINESS OWNERS HAVE RELATIONSHIPS WITH AN AVERAGE 2-3 BANKS

With how many banks does your organization do business?



Capital, Credit & Financing survey, © NFWBO 1996

Again, larger businesses report having closer relationships with their banks than do smaller firms. Men business owners are also somewhat more likely to report a closer working relationship with their primary bank and account executive than are women business owners. The most significant difference on this issue is, however, by race. Only 8% of white business owners say they do not have a primary financial institution, while 20% of minority business owners say they do not, and 63% of white business owners say they generally deal with a single account executive compared to a lesser 52% of minority business owners.

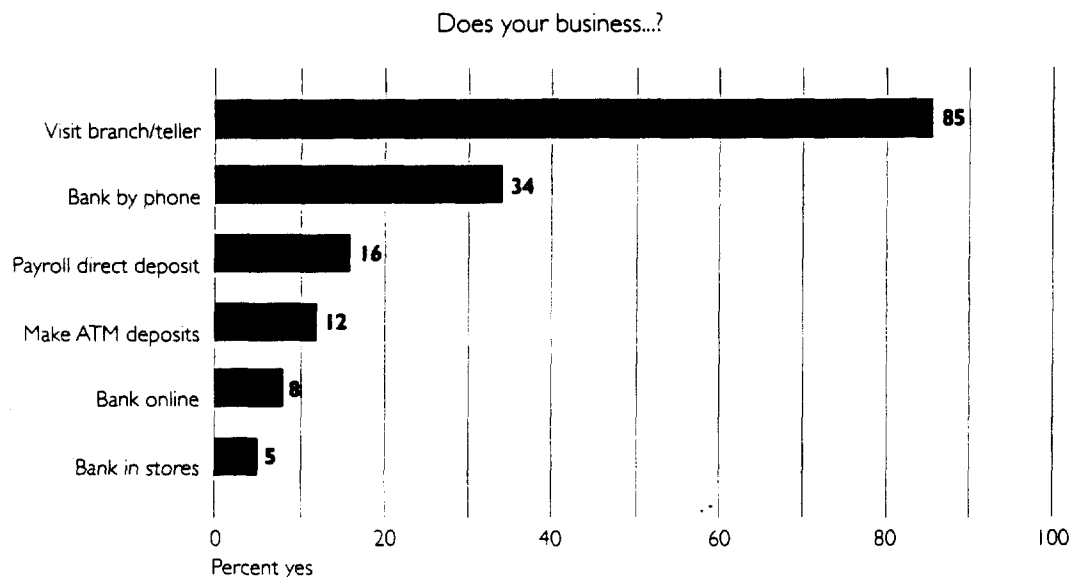
The most prevalent form of banking transaction used by business owners is visiting a bank branch and using a teller. Fully 85% of businesses use that type of banking transaction. Another 34% say they conduct banking transactions by telephone, 16% use direct deposit for payroll, 12% use automated teller machines (ATM's) to

make deposits, 8% bank online using a computer, and 5% avail themselves of banking services within other stores, such as supermarkets.

Some interesting differences within business subgroups include:

- businesses with 100 or more employees are much more likely than average to use direct deposit for payroll (58%) and to bank online (42%);
- younger firms are more likely to use ATM's than older firms;
- women-owned firms are more likely than men-owned firms to use ATM's, while men are more likely than women to bank by telephone and use direct deposit for payroll;
- minority-owned firms are among those most likely to use ATM's and to use banking services within other stores.

BUSINESSES STILL BANK PRIMARILY BY TRADITIONAL MEANS



SOURCES OF FINANCIAL INFORMATION AND ADVICE

Most business owners, regardless of the size of their firm, are very closely involved in financial matters in their firm. They consult a wide variety of sources for information and advice on financial matters — with women business owners drawing more regularly upon outside advice, and on specific financial advice from accountants and financial advisors compared to men business owners.

Regardless of the size of their firms, business owners are very closely involved in the day-to-day financial management of their company. Fully three-quarters (77%) of business owners report that they are very involved, while 21% say they keep track of company finances but

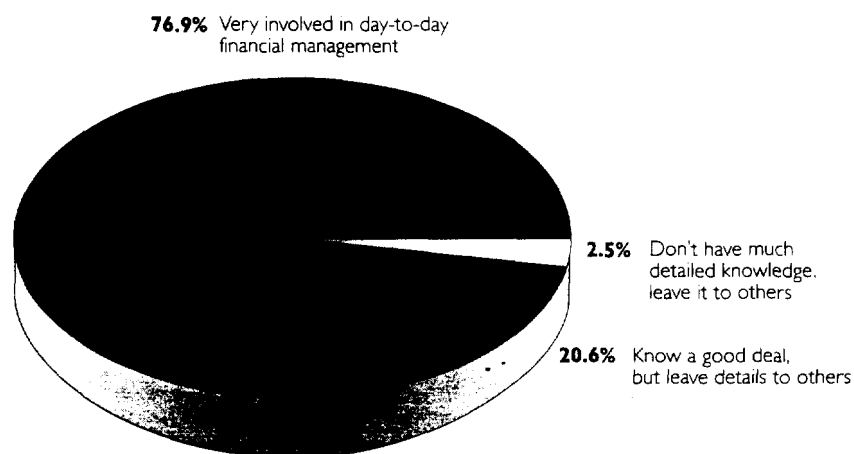
leave the details to their accountant and others. Only 3% of business owners say they don't have much detailed knowledge of financial issues in their company.

The larger the firm, the more likely the owner is to leave the day-to-day financial details to accountants and others. In firms with 100 or more employees, 53% of owners say they are involved in finances on a day-to-day basis, while 46% say they leave those details to others. There are no other significant subgroup differences on this question.

Most business owners do rely on outside advice or counsel on issues affecting their business on at least an occasional basis. A 56% majority say they do seek outside advice — 18% on a regular basis and 38% on an occasional basis. Another 22% say they rarely seek outside advice, and 21% say they never do.

MOST BUSINESS OWNERS VERY CLOSELY INVOLVED IN FINANCIAL MANAGEMENT OF THEIR BUSINESS

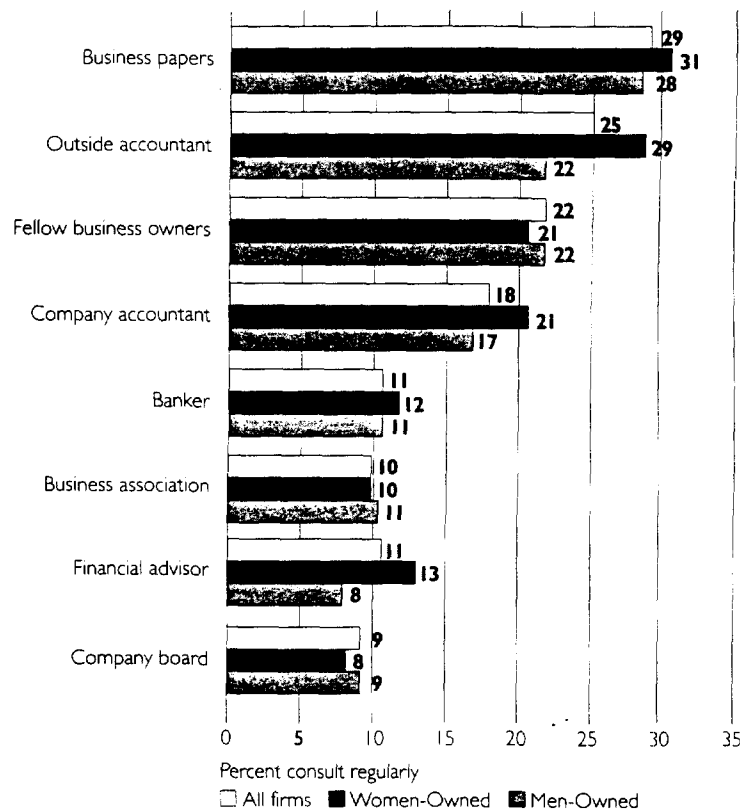
NO DIFFERENCE BETWEEN WOMEN AND MEN BUSINESS OWNERS



With respect to advice and information specifically about financial issues, there are a number of sources business owners tap into on a regular or occasional basis. Primary among them are business magazines or newspapers — 29% say they regularly use them as a source of information and advice; 42% do occasionally; and 29% say they never do. Other sources of financial information or advice are: outside accountants (76% consult regularly or occasionally); fellow business owners (73%); their banker (62%); a business or industry association (49%); a financial advisor or investment manager (47%); a company accountant or chief financial officer (42%); and a company board of directors or advisory board (20%).

There is a gender difference in usage of sources of outside information and counsel, which corroborates other research done on this subject. Women business owners are more likely in general to say they seek outside advice on general business issues — 62% say they regularly or occasionally consult outside sources compared to 53% of men business owners. They are also more likely to say they regularly consult an accountant for financial advice — 29% of women business owners say they regularly do so, versus 22% of men business owners. Also, 13% of women business owners say they regularly consult a financial advisor or investment manager about financial issues, compared to only 8% of men business owners.

WOMEN BUSINESS OWNERS MORE LIKELY TO CONSULT FINANCIAL ADVISORS ON FINANCIAL ISSUES



START-UP FINANCING

The owners of the firms surveyed started their businesses with a median of between \$10,000 and \$25,000, only about one quarter of which was borrowed. The most frequently cited sources for borrowed start-up capital were commercial bank loans (47%) and family members (27%). Women business owners started their firms with about the same amount of capital as did men, but were more likely to have received their borrowed capital from a bank than were men business owners, and less likely to have obtained it from family members or friends.

Just over half of the business owners surveyed started their businesses with less than \$25,000. Six percent (6%) started with no capital at all,

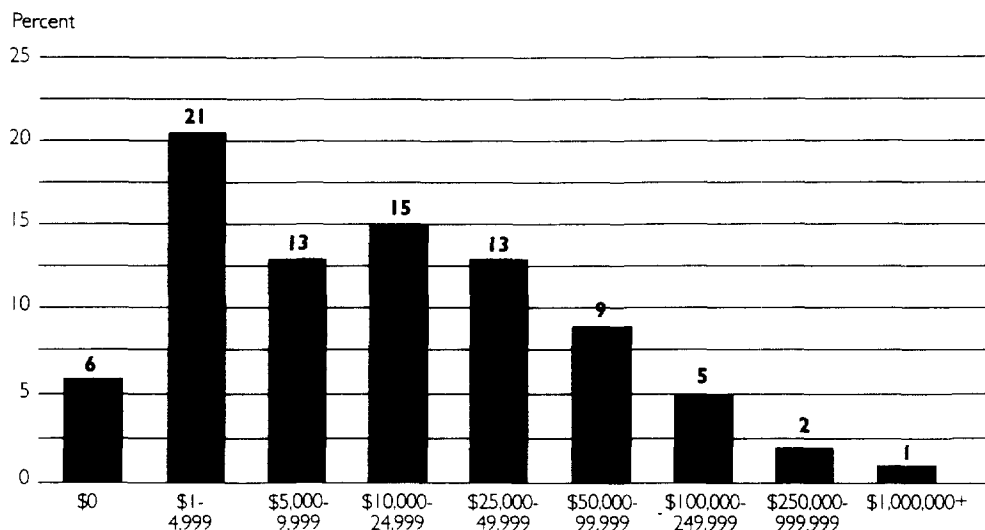
34% started with less than \$10,000, and 15% started with \$10,000 to \$24,999. Another 13% started with \$25,000 to \$49,999, and 17% started with \$50,000 or more. (Fully 16% of the business owners surveyed declined to answer this question.)

Half of the business owners (49%) borrowed none of their start-up capital, 14% borrowed less than half, and only 10% borrowed all of their start-up capital. The average share borrowed was 27%.

Owners of firms in transportation/communications and in finance/insurance/real estate required more capital than average to start their businesses, while firms in the service sector and minority-owned firms started their businesses with less capital than average.

HALF OF BUSINESSES START WITH LESS THAN \$25,000 IN CAPITAL

NEARLY 1 IN 3 START WITH UNDER \$5,000



Capital, Credit & Financing survey © NFWBO 1996

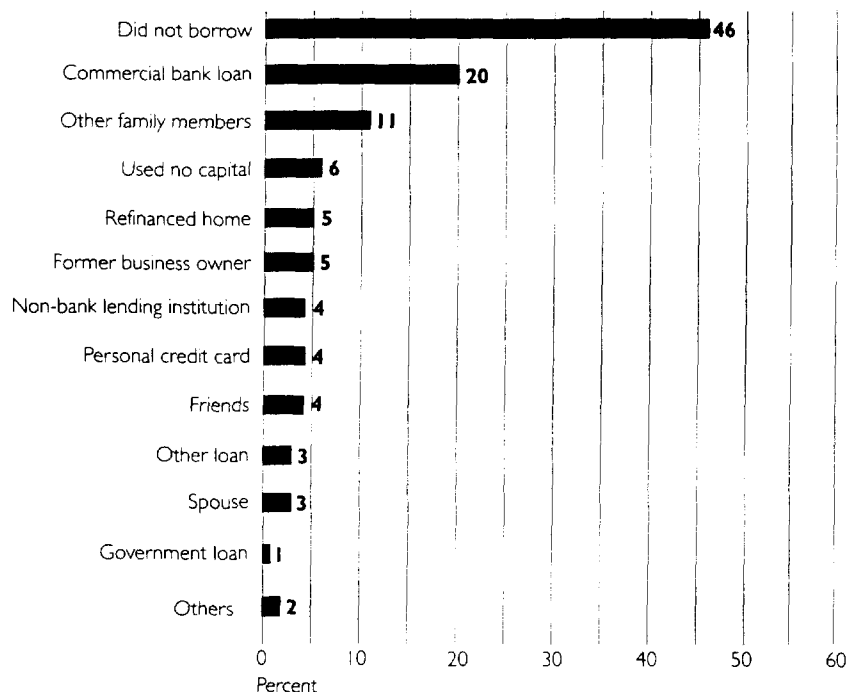
While the share borrowed does not vary substantially by industry or other characteristics, the sources of borrowed capital show some interesting variations. First, women business owners are more likely to have obtained some of their borrowed start-up capital from banks than are men (53% compared to 44%). Conversely, men business owners are more likely to have gone to family members (31% compared to 21%) or friends (10% compared to 6%) for some of their borrowed capital.

Businesses that have started within the last five years are more likely than older firms to have obtained part of their start-up capital from credit cards or from the former business

owner, and are less likely to have had to refinance their homes.

While commercial bank loans are the most frequently mentioned source of borrowed capital within the minority business community as among other groups, minority business owners are much more likely than other owners to also use non-bank lending institutions (15% minority vs. 9% white) and other types of loans (21% vs. 7%) for their start-up financing needs. Other types of loans can include those made by community revolving loan funds or membership associations.

AMONG THOSE WHO BORROW AT START-UP, COMMERCIAL LOANS ARE PRIMARY SOURCE



Capital, Credit & Financing survey, © NFWBO 1996
Multiple responses allowed. Percentaged on all respondents.



Helen Anderson, CEO

Rayvern Lighting Supply Inc.

Los Angeles, CA

1995 Sales: \$2.4 million

Employees: 8

Years in Business: 5

In July 1991, Helen Anderson and her husband changed their lives. Helen, with prior experience in teaching, real estate and marketing, and her husband, a retired U.S. Naval Officer, moved from their home in Boston to buy and take up the reins at Rayvern Lighting Supply Incorporated in Los Angeles, CA.

Rayvern Lighting Supply is a lighting wholesaler, supplying municipalities, schools, prisons, and industrial businesses with energy efficient lighting. "What we knew about lighting," Helen says, "was how to turn a switch on and off." Just one year later, Helen Anderson was selected as one of the Top 100 Women Business Owners in Los Angeles by the LA Business Journal.

In the first six months of business the Andersons paid off a note to the owner, leaving the company with a little used \$100,000 line of credit with a local bank. Today, with \$2.4 million in sales, Helen manages a \$250,000 line of credit that evens out her cash flow requirements — financing receivables (government agencies have a tendency to pay slowly, which could be an enormous problem for the business) and inventory. It also allows her to develop greater service aspects to the business such as establishing virtual offices around the state.

What has made her effort such a success? "I was tutored," she says, "by the American Women in Economic Development (AWED) on how to set-up a business plan and work with a bank to obtain financing. The six-month course I took gave me the opportunity to better understand my own business, banking industry requirements, and the business needs of the bank. This understanding created the environment for a healthy partnership with my bank to emerge."

The government and media attention on the growth of women-owned businesses as a serious economic force has made a tremendous difference in the way banks treat and approach women business owners, she says, and the difference is tangible.

"I use the line of credit we have very judiciously. I attribute the good relationship I have with the bank to my course and the National Association of Women Business Owners (NAWBO) in educating me, and to my CPA and banker in advising me."

Helen also reads as much as she can that is relevant to businesses in her area. For example, she has learned through her reading that money is available for small business right now — a situation that ebbs and flows — and that business owners should apply for more than they need to establish a credit record.

METHODOLOGY

A telephone survey was conducted among a random sample of 800 businesses in the Dun's Market Identifier database of Dun & Bradstreet. The over 10 million firms in the Dun & Bradstreet database comprise an accurate census of the commercially active firms in the U.S.; that is, they are likely to be full-time firms engaged in commerce. The survey was pretested during the week of April 23, 1996, and interviewing was conducted between May 5 and June 14, 1996.

To ensure adequate representation of larger firms and women-owned firms for analysis, the survey was quota-controlled for gender of ownership and business size according to the formula below. The survey results were then weighted to their correct proportions for analysis.

The sampling error for a survey of $N=800$ is $\pm 3.5\%$ at the 95% confidence level. This means that, 95 times out of 100, survey responses are within 3.5% of true population values.

The 1992 and 1994 surveys used for trend analysis were mail surveys conducted among the membership of the National Association of Women Business Owners. Both surveys were mailed late in the subject year, and tabulated and analyzed in the spring of the following year. The sample sizes of the 1992 and 1994 surveys were 1,071 and 1,426, respectively. The sampling error of survey populations of that size is approximately $\pm 3\%$ at the 95% confidence level.

SAMPLING AND WEIGHTING FORMULAS FOR SURVEY				
	Number of Actual Interviews		Weighted to Correct Population Proportions	
	Number ¹	Share	Number	Share
Women-Owned Firms				
Under 10 employees	250	31.3%	279	34.9%
10-99 employees	103	12.9%	6	0.8%
100+ employees	47	5.9%	2	0.3%
Total	402	50.1%	288	36%
Men-Owned Firms				
Under 10 employees	236	29.5%	497	62.1%
10-99 employees	113	14.1%	10	1.3%
100+ employees	48	6.0%	4	0.5%
Total	398	49.9%	512	64%

¹ Five cases are missing information on business size.



STATISTICAL TABLES

IMPORTANCE OF CURRENT BUSINESS ISSUES									
	Percent Very Important								Number of Cases
	Maintain profitability	Manage cash flow	Find/keep good employees	Maintain growth	Keep up with technology	Labor costs	Capital, current	Capital, long-term	
Total	87	86	63	63	52	52	43	33	(800)
Industry¹									
Goods-producing	91	87	68	59	51	66	44	28	(156)
TCPU	76	75	65	65	72	63	44	47	(60)
W/R Trade	89	89	63	64	41	47	42	31	(219)
FIRE	92	93	56	66	59	36	58	54	(53)
Personal Svcs	75	78	63	62	60	43	37	35	(40)
Business Svcs	92	78	79	66	73	61	27	31	(26)
Other Svcs	85	86	63	60	42	38	37	24	(104)
Number of Employees²									
0	82	84	33	62	49	37	42	26	(195)
1-9	88	87	72	63	53	56	43	35	(573)
10-19	89	87	82	74	49	59	39	42	(8)
20-99	89	87	87	74	51	70	51	40	(16)
100+	90	82	92	71	63	69	48	44	(8)
Age of Firm									
<5 yrs	89	89	61	72	53	51	46	37	(200)
5-9 yrs	92	85	60	61	49	51	46	34	(211)
10+ yrs	82	86	66	59	53	52	39	30	(388)
Region									
Northeast	87	84	65	69	44	60	39	31	(165)
Midwest	87	85	66	58	50	52	43	33	(231)
South	87	89	64	70	53	53	44	37	(259)
West	84	88	56	53	61	40	45	30	(146)
Home-based Firms	89	88	59	59	53	54	43	27	(296)
Gender²									
Women	85	86	59	65	47	50	42	36	(288)
Men	87	87	66	62	55	53	43	32	(512)
Race/Ethnicity									
White	87	86	63	63	52	51	42	31	(716)
Non-white	87	87	66	68	55	61	51	50	(84)

Source: Capital, Credit & Financing survey, ©NFWBO 1996.

*=less than 0.5%.

¹ TCPU=Transportation/Communications/Public Utilities, W/R Trade=Wholesale/Retail Trade.

FIRE=Finance/Insurance/Real Estate, Svcs=Services.

² Weighted to correct population proportions. Women-owned and 10+ employee firms were oversampled during interviewing to ensure sufficient numbers of cases for analysis. See **Methodology** for further information.

BUSINESS OWNER ASSESSMENT OF CURRENT CAPITAL NEEDS					
	Total	Have Sufficient Capital for Business Growth?			Number of Cases
		Yes	No	Don't Know/Refused	
Total	100%	76	22	2	(800)
Industry¹					
Goods-producing	100%	74	25	*	(156)
TCPU	100%	77	24	--	(60)
W/R Trade	100%	74	25	2	(219)
FIRE	100%	75	21	4	(53)
Personal Svcs	100%	73	27	--	(40)
Business Svcs	100%	74	22	4	(26)
Other Svcs	100%	87	8	5	(104)
Number of Employees²					
0	100%	75	22	4	(195)
1-9	100%	77	22	1	(573)
10-19	100%	79	21	--	(8)
20-99	100%	73	23	4	(16)
100+	100%	74	20	5	(8)
Age of Firm					
<5 yrs	100%	71	28	1	(200)
5-9 yrs	100%	71	27	2	(211)
10+ yrs	100%	82	15	3	(388)
Region					
Northeast	100%	71	26	3	(165)
Midwest	100%	78	20	2	(231)
South	100%	79	20	2	(259)
West	100%	75	23	2	(146)
Home-based Firms	100%	82	16	2	(296)
Gender²					
Women	100%	76	22	3	(288)
Men	100%	77	22	2	(512)
Race/Ethnicity					
White	100%	77	20	2	(716)
Non-white	100%	66	32	2	(84)

Source: Capital, Credit & Financing survey, ©NFWBO 1996.

*=less than 0.5%.

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² Weighted to correct population proportions. Women-owned and 10+ employee firms were oversampled during interviewing to ensure sufficient numbers of cases for analysis.

See **Methodology** section for further information.

TYPES OF FINANCING CURRENTLY USED BY BUSINESSES

	Total	Gender		Race		Age of Firm		
		Women	Men	White	Non-White	<5 Yrs.	5-9 Yrs.	10+ Yrs.
Earnings of the business	71%	72%	70%	71%	72%	77%	76%	65%
Credit cards	25	23	26	24	33	23	19	29
Business/Commercial bank loan	22	20	24	24	11	19	23	24
Private sources (savings, family, friends)	21	21	20	19	32	21	21	20
Leasing equipment	12	11	13	12	18	9	16	12
Vendor credit	11	10	12	12	4	8	13	12
Personal bank loan	9	5	12	10	3	12	11	7
Selling/pledging accounts receivable	3	2	4	3	3	4	3	3
Venture capital	2	*	3	2	3	1	4	1
Public issuance of stock	2	2	2	2	1	3	1	2
SBA loan	1	*	1	1	*	1	*	1
Other	2	2	2	2	1	3	1	2
None	6	7	5	6	3	3	3	8
Number of cases	(800)	(288)	(512)	(716)	(84)	(200)	(211)	(388)

Source: Capital, Credit & Financing survey, ©NFWBO 1996.

* = Less than 0.5%.

Note: Numbers add up to more than 100% because multiple responses were allowed.

SHARE OF U.S. FIRMS WITH BUSINESS BANK CREDIT					
	Total	Currently Have Bank Credit?			Number of Cases
		Yes	No	Don't know/ Refused	
Total	100%	48	51	1	(800)
Industry¹					
Goods-producing	100%	54	46	*	(156)
TCPU	100%	36	63	*	(60)
W/R Trade	100%	51	47	2	(219)
FIRE	100%	48	52	*	(53)
Personal Svcs	100%	30	70	--	(40)
Business Svcs	100%	52	40	9	(26)
Other Svcs	100%	46	54	*	(104)
Number of Employees²					
0	100%	34	65	1	(195)
1-9	100%	51	48	1	(573)
10-19	100%	52	44	4	(8)
20-99	100%	68	31	2	(16)
100+	100%	79	19	2	(8)
Age of Firm					
<5 yrs	100%	43	55	2	(200)
5-9 yrs	100%	42	57	1	(211)
10+ yrs	100%	53	46	1	(388)
Region					
Northeast	100%	43	57	1	(165)
Midwest	100%	51	48	1	(231)
South	100%	54	44	2	(259)
West	100%	37	63	*	(146)
Home-based Firms	100%	46	54	1	(296)
Gender²					
Women	100%	46	52	2	(288)
Men	100%	49	51	--	(512)
Race/Ethnicity					
White	100%	50	49	1	(716)
Non-white	100%	28	70	1	(84)

Source: Capital, Credit & Financing survey, ©NFWBO 1996.

*=less than 0.5%.

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² Weighted to correct population proportions. Women-owned and 10+ employee firms were oversampled during interviewing to ensure sufficient numbers of cases for analysis.

See **Methodology** section for further information.

BUSINESS EXPERIENCE WITH OUTSIDE FINANCING IN PAST YEAR								
	Total	# Times Sought Financing				# Institutions Sought From		
		0	1	2	3+	1	2	3+
Total	100%	67	20	8	4	73	16	9
Industry²								
Goods-producing	100%	58	22	11	7	80	11	6
TCPU	100%	75	15	3	8	90	9	1
W/R Trade	100%	69	17	8	4	65	16	19
FIRE	100%	54	23	16	7	70	13	9
Personal Svcs	100%	76	19	3	3	76	23	--
Business Svcs	100%	56	26	10	8	70	31	--
Other Svcs	100%	66	25	7	*	85	6	2
Number of Employees³								
0	100%	80	11	6	3	76	11	8
1-9	100%	64	22	8	5	73	16	8
10-19	100%	59	24	11	3	63	19	10
20-99	100%	42	36	9	7	64	21	14
100+	100%	46	30	7	11	67	16	16
Age of Firm								
<5 yrs	100%	57	25	8	5	72	17	9
5-9 yrs	100%	65	19	10	6	63	20	15
10+ yrs	100%	73	17	6	4	81	12	3
Region								
Northeast	100%	74	11	8	7	54	34	6
Midwest	100%	59	26	8	6	76	10	10
South	100%	69	19	7	3	77	16	5
West	100%	67	21	8	2	77	9	12
Home-based Firms	100%	70	16	8	4	77	13	7
Gender³								
Women	100%	73	18	7	2	65	24	7
Men	100%	64	20	8	6	77	12	9
Race/Ethnicity								
White	100%	67	20	7	5	75	15	7
Non-white	100%	67	18	12	3	58	21	18

Source: Capital, Credit & Financing survey, ©NFWBO 1996.

* = Less than 0.5%.

¹ Among those who sought financing.

² TCPU=Transportation/Communications/Public Utilities, W/R Trade=Wholesale/Retail Trade,

FIRE=Finance/Insurance/Real Estate, Svcs=Services.

³ Weighted to correct population proportions. Women-owned and 10+ employee firms were oversampled during interviewing to ensure sufficient numbers of cases for analysis. See **Methodology** section for further information.

EXPERIENCES ENCOUNTERED WHEN TRYING TO OBTAIN FINANCING

	Total	Gender		Race		Age of Firm		
		Women	Men	White	Non-White	<5 Yrs.	5-9 Yrs.	10+ Yrs.
% Mentioning at least one experience	51%	50%	52%	48%	79%	51%	58%	47%
Could not find financing at favorable interest rate	22	17	24	22	21	16	34	18
Was required to obtain spouse's signature to obtain financing	19	20	18	20	9	20	16	19
Credit process was too complicated	15	15	15	12	36	17	17	12
Was required to obtain approval or signature of business partner	13	12	14	12	22	18	10	13
Denied financing due to limited collateral/assets	13	12	14	11	36	16	26	3
Was told business did not have required financial or business documents	7	12	5	6	16	7	8	7
Perceived mistreatment because business is minority-owned	2	7	4	--	20	2	9	4
Perceived mistreatment because business is woman-owned	3	9	--	3	4	1	3	3
Number of Cases	(800)	(288)	(512)	(716)	(84)	(200)	(211)	(388)

Source: Capital, Credit & Financing survey, ©NFWBO 1996.

Note: Numbers add up to more than 100% because multiple responses were allowed.

SUMMARY OF CURRENT BANKING RELATIONSHIPS

	Total	# Banks Use for Business					Nature of Relationship w/ Primary Financial Institution				Number of Cases
		1	2	3	4+	Avg	Don't have primary fin. inst.	Deal w/ team, not 1 person	Deal w/ 1 person	Don't know/ Refused	
Total	100%	43	32	15	11	2.4	9	22	62	7	(800)
Number of Employees¹											
0	100%	51	29	9	10	1.9	12	16	64	9	(195)
1-9	100%	40	33	16	11	2.6	9	24	61	6	(573)
10-19	100%	41	25	23	11	2.6	9	17	68	6	(8)
20-99	100%	31	32	17	19	3.2	5	22	67	6	(16)
100+	100%	25	28	18	28	3.6	6	32	58	5	(8)
Age of Firm											
<5 yrs	100%	43	30	17	10	3.2	9	22	62	7	(200)
5-9 yrs	100%	41	36	14	9	2.0	12	28	53	7	(211)
10+ yrs	100%	43	30	14	12	2.3	8	19	66	7	(388)
Gender¹											
Women	100%	47	30	13	9	2.1	12	24	54	10	(288)
Men	100%	40	32	15	13	2.6	8	21	66	5	(512)
Race/Ethnicity											
White	100%	42	32	15	11	2.4	8	22	63	7	(716)
Non-white	100%	45	25	15	4	2.3	20	21	52	8	(84)

Source: Capital, Credit & Financing survey, ©NFWBO 1996.

¹ Weighted to correct population proportions. Women-owned and 10+ employee firms were oversampled during interviewing to ensure sufficient numbers of cases for analysis. See **Methodology** section for further information.

SUMMARY OF TYPES OF FINANCIAL TRANSACTIONS CONDUCTED BY BUSINESSES						
	Percent Using					
	Visit Branch	Over Telephone	Direct Deposit of Payroll	Deposits w/ ATM	Bank Online	Bank in Stores
Total	85	34	16	12	8	5
Industry¹						
Goods-producing	76	41	19	12	6	3
TCPU	90	33	17	10	10	*
W/R Trade	87	31	15	12	7	6
FIRE	83	28	18	23	13	15
Personal Svcs	89	35	11	22	14	--
Business Svcs	88	44	6	18	1	5
Other Svcs	79	33	14	6	4	5
Number of Employees²						
0	87	23	16	12	5	4
1-9	85	37	15	13	7	6
10-19	91	44	20	8	15	7
20-99	84	54	32	10	23	5
100+	71	66	58	13	42	5
Age of Firm						
<5 yrs	82	32	22	15	9	4
5-9 yrs	91	36	5	12	10	10
10+ yrs	84	35	18	11	6	5
Region						
Northeast	96	37	13	15	9	5
Midwest	84	34	18	12	5	7
South	78	30	16	5	6	1
West	87	41	16	23	11	11
Home-based Firms	85	36	17	14	7	5
Gender²						
Women	86	31	13	14	7	7
Men	85	36	18	11	8	5
Race/Ethnicity						
White	85	34	15	11	7	4
Non-white	88	38	19	21	9	14

Source: Capital, Credit & Financing survey, ©NFWBO 1996.

*= Less than 0.5%.

¹ TCPU=Transportation/Communications/Public Utilities, W/R Trade=Wholesale/Retail Trade, FIRE=Finance/Insurance/Real Estate, Svcs=Services.

² Weighted to correct population proportions. Women-owned and 10+ employee firms were oversampled during interviewing to ensure sufficient numbers of cases for analysis. See **Methodology** for further information.

FREQUENCY OF CONSULTING OUTSIDE SOURCES ON GENERAL/FINANCIAL BUSINESS ISSUES			
	Total	Gender	
		Women	Men
Seek outside advice on general business issues			
Regularly	18%	18%	18%
Occasionally	38	44	35
Rarely	22	16	26
Almost never	21	22	21
Frequency of consulting sources on financial issues			
<u>Business magazines, newspapers</u>			
Regularly	29	31	28
Occasionally	42	42	42
Never	29	27	30
<u>Outside accountant</u>			
Regularly	25	29	22
Occasionally	51	49	53
Never	24	22	25
<u>Fellow business owners</u>			
Regularly	22	21	22
Occasionally	51	51	52
Never	27	27	26
<u>Company accountant or CFO</u>			
Regularly	18	21	17
Occasionally	24	19	28
Never	56	58	55
<u>Banker</u>			
Regularly	11	12	11
Occasionally	51	47	53
Never	38	41	37
<u>Business, industry association</u>			
Regularly	10	10	11
Occasionally	39	41	38
Never	50	48	51
<u>Financial advisor/Investment manager</u>			
Regularly	11	13	8
Occasionally	36	37	36
Never	54	49	56
<u>Company board of directors or advisory board</u>			
Regularly	9	8	9
Occasionally	11	11	11
Never	78	79	78

Source: Capital, Credit & Financing survey, ©NFWBO 1996.

AMOUNT OF CAPITAL USED TO START OR ACQUIRE BUSINESS										
	Total	Total Amount of Capital							Don't Know/ Refused	Number of Cases
		None	<\$5K	\$5-9.9K	\$10-24.9K	\$25-49.9K	\$50-99.9K	\$100K+		
Total	100%	6	21	13	15	13	9	8	16	(800)
Industry¹										
Goods-producing	100%	8	16	9	15	16	15	5	17	(156)
TCPU	100%	4	18	20	23	8	1	17	10	(60)
W/R Trade	100%	6	19	17	11	12	11	8	16	(219)
FIRE	100%	6	18	14	18	14	6	11	11	(53)
Personal Svcs	100%	6	32	24	9	16	3	3	8	(40)
Business Svcs	100%	4	25	5	13	29	14	1	9	(26)
Other Svcs	100%	3	19	12	25	11	6	5	20	(104)
Number of Employees²										
0	100%	10	29	18	18	4	5	2	14	(195)
1-9	100%	5	19	12	15	16	10	7	16	(573)
10-19	100%	7	7	2	14	11	8	34	17	(8)
20-99	100%	7	12	4	5	10	16	27	19	(16)
100+	100%	7	6	6	10	11	6	29	25	(8)
Age of Firm										
<5 yrs	100%	5	14	14	12	17	10	10	18	(200)
5-9 yrs	100%	5	20	13	18	14	8	9	13	(211)
10+ yrs	100%	7	25	13	16	10	9	4	16	(388)
Region										
Northeast	100%	7	19	14	13	12	9	5	22	(165)
Midwest	100%	5	20	16	13	14	8	9	15	(231)
South	100%	6	20	13	17	14	11	6	12	(259)
West	100%	7	26	8	19	10	8	7	16	(146)
Home-based Firms	100%	6	23	15	20	9	6	5	16	(296)
Gender²										
Women	100%	6	22	16	14	11	9	5	18	(288)
Men	100%	6	20	12	16	14	9	8	15	(512)
Race/Ethnicity										
White	100%	6	20	13	16	13	9	7	16	(716)
Non-white	100%	7	29	16	7	13	10	5	15	(84)

Source: Capital, Credit & Financing survey, ©NFWBO 1996.

¹ TCPU=Transportation/Communications/Public Utilities, W/R Trade=Wholesale/Retail Trade, FIRE=Finance/Insurance/Real Estate, Svcs=Services.

² Weighted to correct population proportions. Women-owned and 10+ employee firms were oversampled during interviewing to ensure sufficient numbers of cases for analysis. See **Methodology** section for further information.

AMOUNT OF BORROWED START-UP CAPITAL								
	Total	Percentage Borrowed						Number of Cases
		None	1-49%	50%	51-99%	100%	Avg.	
Total	100%	49	14	10	10	10	27.1%	(800)
Industry¹								
Goods-producing	100%	47	17	15	12	5	26.3	(156)
TCPU	100%	57	11	8	10	11	25.5	(60)
W/R Trade	100%	49	21	5	8	11	23.6	(219)
FIRE	100%	49	12	13	13	9	29.2	(53)
Personal Svcs	100%	45	3	14	23	6	35.5	(40)
Business Svcs	100%	50	22	24	*	--	17.2	(26)
Other Svcs	100%	51	8	11	9	14	29.2	(104)
Number of Employees²								
0	100%	56	7	9	11	13	28.2	(195)
1-9	100%	47	15	10	10	9	26.5	(573)
10-19	100%	38	19	15	17	4	29.8	(8)
20-99	100%	35	22	17	14	8	31.0	(16)
100+	100%	44	18	6	9	14	28.2	(8)
Age of Firm								
<5 yrs	100%	41	22	10	9	11	28.1	(200)
5-9 yrs	100%	54	12	10	12	9	25.7	(211)
10+ yrs	100%	51	10	10	11	10	27.3	(388)
Region								
Northeast	100%	51	20	12	5	7	20.5	(165)
Midwest	100%	42	17	11	12	12	31.1	(231)
South	100%	50	10	8	14	11	29.6	(259)
West	100%	57	9	9	8	8	23.4	(146)
Home-based Firms	100%	54	12	9	9	9	24.6	(296)
Gender²								
Women	100%	52	14	8	10	12	26.4	(288)
Men	100%	48	12	12	11	9	27.4	(512)
Race/Ethnicity								
White	100%	48	14	11	11	10	27.5	(716)
Non-white	100%	56	13	6	9	10	23.4	(84)

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*= Less than 0.5%.

¹TCPU=Transportation/Communications/Public Utilities, W/R Trade=Wholesale/Retail Trade, FIRE=Finance/Insurance/Real Estate, Svcs=Services.

² Weighted to correct population proportions. Women-owned and 10+ employee firms were oversampled during interviewing to ensure sufficient numbers of cases for analysis. See **Methodology** section for further information.

SOURCES OF BORROWED START-UP CAPITAL								
	Total	Gender		Race		Age of Firm		
		Women	Men	White	Non-White	<5 Yrs	5-9 Yrs	10+ Yrs
Commercial bank loan	47%	53%	44%	48%	38%	50%	36%	51%
Family members	27	21	31	27	31	20	41	24
Refinanced home	11	13	10	11	14	7	12	13
Former business owner	11	12	10	11	12	14	12	8
Non-bank lending institution	10	7	11	9	15	10	7	11
Personal credit card	9	9	10	10	8	13	13	5
Friends	9	6	10	9	5	8	9	9
Other loan	8	7	9	7	21	10	14	4
Spouse	7	9	6	7	4	10	8	4
Federal/State/Local government	2	3	2	2	8	*	2	4
All others	5	7	3	5	5	2	5	6
Number of Cases	(800)	(288)	(512)	(716)	(84)	(200)	(211)	(388)

Source: Capital, Credit & Financing survey, ©NFWBO 1996.

Note: Numbers add up to more than 100% because multiple responses were allowed.

*= Less than 0.5%.

